ELDORRET EAST INTER-SCHOOLS TEST - 2013

Kenya Certificate of Secondary Education (KCSE)

Form Four
Business Studies
Paper 1

Instructions to Candidates

✓ This question paper comprises of 25 Questions
✓ Marks for each question is indicated alongside the question
✓ Answer ALL the questions on the spaces provided in this paper.
1. In the space provided below, indicate the type of utility created by each of the following commercial activities.

<table>
<thead>
<tr>
<th>Commercial activity</th>
<th>Type of utility</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Selling bread to the students</td>
<td></td>
</tr>
<tr>
<td>ii) Shipping goods to Kenya.</td>
<td></td>
</tr>
<tr>
<td>iii) Warehousing</td>
<td></td>
</tr>
<tr>
<td>iv) Baking of Bread by Paul’s Bakery.</td>
<td></td>
</tr>
</tbody>
</table>

2. State four ways in which the government can influence the demand of a product. (4 marks)

i) __________________________________________________________________________________
   __________________________________________________________________________________
   __________________________________________________________________________________
   __________________________________________________________________________________

3. List four monetary tools the central bank uses to control credit. (4 marks)

i) __________________________________________________________________________________
   __________________________________________________________________________________
   __________________________________________________________________________________
   __________________________________________________________________________________

4. Under what circumstances will a manager of equator flowers communicate to the subordinate staff. (4 marks)

i) __________________________________________________________________________________
   __________________________________________________________________________________
   __________________________________________________________________________________
   __________________________________________________________________________________
5. State **four** reasons for starting a business. (4 marks)

i) ____________________________________________________________

ii) ____________________________________________________________

iii) ____________________________________________________________

iv) ____________________________________________________________

6. Air transport is quite expensive mode of transport yet it is preferred over a long distance. Outline **four** reasons for this preference. (4 marks)

i) ____________________________________________________________

ii) ____________________________________________________________

iii) ____________________________________________________________

iv) ____________________________________________________________

7. State **four** ways of reproducing office documents. (4 marks)

i) ____________________________________________________________

ii) ____________________________________________________________

iii) ____________________________________________________________

iv) ____________________________________________________________

8. Highlight **four** factors that could have led a decline in birth rate in Kenya today. (4 marks)

i) ____________________________________________________________

ii) ____________________________________________________________

iii) ____________________________________________________________

iv) ____________________________________________________________
9. **State four** advantages of self employment. (4 marks)
   i) ____________________________________________________________
   ____________________________________________________________
   ii) __________________________________________________________
   _____________________________________________________________
   iii) __________________________________________________________
   ______________________________________________________________
   iv) __________________________________________________________
   ______________________________________________________________

10. **Highlight four** characteristics of subsistence farming in Kenya. (4 marks)
    i) ___________________________________________________________
    ___________________________________________________________
    ii) _________________________________________________________
    __________________________________________________________
    iii) _________________________________________________________
    __________________________________________________________
    iv) _________________________________________________________
    __________________________________________________________

11. **State four** advantages of using E-mail communication in Business. (4 marks)
    i) __________________________________________________________
    ___________________________________________________________
    ii) _________________________________________________________
    __________________________________________________________
    iii) _________________________________________________________
    __________________________________________________________
    iv) _________________________________________________________
    __________________________________________________________

12. **Outline four** roles of intermediaries in a business. (4 marks)
    i) __________________________________________________________
    ___________________________________________________________
    ii) _________________________________________________________
    __________________________________________________________
    iii) _________________________________________________________
    __________________________________________________________
    iv) _________________________________________________________
    __________________________________________________________
13. Under what circumstances would insurance companies in Kenya opt to re-insure themselves. (4 marks)

i)

ii)

iii)

iv)

14. Give four assumptions associated with monopolistic competition market structure. (4 marks)

i)

ii)

iii)

iv)

15. The presidential candidates are mounting bill boards in every town to promote themselves. Give four reasons why they choose bill boards. (4 marks)

i)

ii)

iii)

iv)

16. Outline four measures that a manager can take to improve the working environment in the office. (4 marks)

i)

ii)

iii)

iv)
17. **four** challenges a person they encounter when using a cellphone (mobile phones) (4 marks)
   
i) 
   
   ii) 
   
   iii) 
   
   iv) 

18. Outline **four** reasons that has led to an increased use of Boda Boda (motor cycles). (4 marks)
   
i) 
   
   ii) 
   
   iii) 
   
   iv) 

19. State **four** ways in which partners in a partnership are classified. (4 marks)
   
i) 
   
   ii) 
   
   iii) 
   
   iv) 

20. Name **four** types of retailers that mainly sell on cash basis. (4 marks)
   
i) 
   
   ii) 
   
   iii) 
   
   iv)
21. Suggest four measures which the Kenyan government can take to solve unemployment problems. (4 marks)
   i) ____________________________________________________________________________
   ii) ____________________________________________________________________________
   iii) ____________________________________________________________________________
   iv) ____________________________________________________________________________

22. Outline four circumstances under which a company may be dissolved. (4 marks)
   i) ____________________________________________________________________________
   ii) ____________________________________________________________________________
   iii) ____________________________________________________________________________
   iv) ____________________________________________________________________________

23. The following information relate to Sergoit Traders for the month of July 2012.
   July 1<sup>st</sup> Balance brought forward cash Kshs 20,000 bank Kshs. 50,000
   July 4<sup>th</sup> Bought furniture worth Kshs 8000 by cheque
   July 10<sup>th</sup> sold goods worth Kshs 6,000 by cash
   July 15<sup>th</sup> paid creditors for goods worth Kshs 3,000 by cheque and Kshs. 2,000 by cash.
   Required.
   Enter the above transactions in a two column cash book and balance it off. (4 marks)
24. The following related to Business A, B, C and D.

<table>
<thead>
<tr>
<th>Business</th>
<th>Assets</th>
<th>Liabilities</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>55,000</td>
<td>16,900</td>
<td>W</td>
</tr>
<tr>
<td>B</td>
<td>X</td>
<td>17200</td>
<td>34,400</td>
</tr>
<tr>
<td>C</td>
<td>36,100</td>
<td>Y</td>
<td>28,500</td>
</tr>
<tr>
<td>D</td>
<td>119,500</td>
<td>51,400</td>
<td>Z</td>
</tr>
</tbody>
</table>

Determine the values represented by.  (4 marks)

W, ____________________________________________________________________________

X, ____________________________________________________________________________

Y, ____________________________________________________________________________

Z, ____________________________________________________________________________

25. Outline four advantages of a current account.  (4 marks)

i) ____________________________________________________________________________

ii) ____________________________________________________________________________

iii) ____________________________________________________________________________

iv) ____________________________________________________________________________